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2019

MADAGASCAR

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View from Tsara Komba Lodge. Photo by Pierre Muglia.

Madagascar welcomes a new era

A dynamic private sector, a promising political leadership and new public policies have all contributed to the country's socioeconomic revival.

Madagascar has always been known for its unparalleled biodiversity, untapped mineral and plant resources as well as paradisiac natural sites. Despite this, up until recently such richness had not translated into good living conditions for the majority of its population, mostly inhabitants in rural areas and dependent on agriculture to survive. However, the wheels finally started to turn after decades of economic stagnation, political instability and extensive corruption.

In the last four years Madagascar has enjoyed sustained economic growth increasing from 2.3% in 2013 to 4.2% in 2017 and 5.2% in 2018, driven by a rebound in agricultural production and investment. The services sector, with trade in particular, has shown the highest increase with 5.2% in 2017 and 5.4% in 2018. Overall, growth is expected to exceed 5% again this year, reflecting higher public investment spending and intensified private sector activity in exports, the energy sector and construction. Monetary policy, on the other hand, should continue working to control inflation which is currently estimated at 6.4% and is projected to reach 6.0 to 5.4% between 2020 and 2022. Additionally, though still far below the Sub-Saharan Africa average of 43%, financial inclusion has also improved in the past three years, with the percentage of adults with an account at a financial institution or mobile money service doubling from 9% in 2014 to 18% in 2017. Such a positive macroeconomic outlook provides unique opportunities for both doing business and promoting socially-oriented, inclusive-growth initiatives, particularly those aimed at reducing poverty in a country with one of the highest rates in the world.

President Andry Rajoelina's second rise to power in January 2019 with his political movement TGV (Determined Malagasy Youth) has contributed greatly to the current positive environment. Known for being the youngest president in the country's history and for his



Antananarivo, Madagascar Photo by Brent Ninaber.

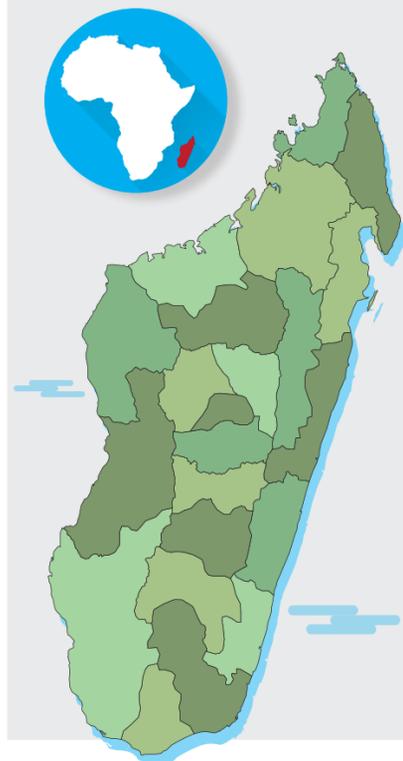
fast and energetic personality -which has also given him the nickname "TGV" in reference to the French high-speed train-, Rajoelina

not only has brought much needed hope but concrete plans for accelerating the country's development. He started enacting his IEM

Evolution of import-export (US\$ M)
Malagasy goods exports doubled from 2010 to 2017. This increase was due to growth in several sectors : apparel, agriculture, mining, etc. SOURCE: UNCOMTRAD



An island with immense potential Located in the Indian Ocean east of Mozambique, southern Africa, Madagascar is the fifth largest island in the world, blessed with abundant natural resources and 5000km of stunning coastline.



MR. ANDRY RAJOELINA
PRESIDENT

«It is high time for us to propose and implement sustainable and effective solutions, to give ourselves a new start»

MAIN DATA

Capital: Antananarivo
Population: 26.3 million inhabitants (World Bank, 2018)
Life expectancy: 66 (World Bank, 2017)
GDP: 12.1 Billion (US\$ - World Bank, 2018)
GDP Growth: 5.2% (World Bank, 2018)
Currency: Ariary (MGA)
Inflation Rate: 8.3% (World Bank, 2017)
Unemployment rate: 1.7% (ILO, 2018)
Area: 587 041 sqm



Working population in 2018: 13.4 million
Average age: 32 years
Time zone: EAT (UTC +3)
Political System: Republic with semi-Parliamentary double command regime
Multiparty.
Official Languages : Malagasy, French

(Initiative Emergence Madagascar), a major platform of national and foreign experts, strategic partners and investors which aims to implement sustainable and effective solutions. The IEM will focus on six crucial sectors: energy, food, security, investments, good governance and female empowerment. Among its multiple goals, it emphasizes investing in renewable energies to improve electricity and water access and cut down prices due to diesel dependence, modernizing agriculture techniques to increase production in a sustainable way, promoting tourism and investing in infrastructure and local industry to create employment, attract visitors and investors, all while breaking with "bad old habits" such as corruption, a "culture of non-achievement" and a general lack of accountability in governmental institutions.

In order to accomplish these goals, president Rajoelina's government works closely with the Economic Development Board of Madagascar (EDBM), the official investment promotion agency. It is in charge of strengthening the competitiveness of the Malagasy private sector, increasing Foreign Direct Investment (FDI), and supporting investors by providing them free, confidential and customized services to facilitate the implementation and/or expansion of their projects in the country via its One-Stop Shop. EDBM has been created to be the entry point to anyone who looks for business opportunities in one of Madagascar's many advantageous sectors. From agribusiness to textiles to mining to tourism, EDBM puts into practice the government's commitment to boost economic growth and development in Madagascar.



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Trade & Industry



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Exceptional opportunities start to yield results

Benefiting from preferential exemptions and a strategic geographical location, Malagasy trade and industry is growing locally and internationally.

Madagascar's industry has expanded due to its large local market of 27 million inhabitants and its privileged access to several regional and international markets with preferential custom duties. Regionally, it benefits from the IOC (Indian Ocean Commission) that connects it to Comoros, Mauritius, the Seychelles and French Reunion and Mayotte; COMESA, the major market in Africa with 19 member states and a 444 million population and SADC, the Southern African Development Community. Internationally, its key trade partners include China, France, India, Germany, South Africa, the Emirates and the United States, which is the second largest destination for Malagasy exports after France. The textile sector has the largest number of companies created under the free zone regime, having benefited from the customs exemptions under the AGOA (African Growth and Opportunity Act) and the EBA (Everything but Arms) agreements signed with the US and the EU respectively.

FLEXNIT Quality knitwear with a conscience

Founded in 2001 by two Dutch friends, Flexnit is a leading knitwear manufacturer specialized in fully-fashioned knitwear for women, men and kids that operates in Madagascar under the name Accord Knits.



Textile industry employs 30% of the industrial sector.

Its trademark is promoting a policy of high-quality production while protecting the environment and socially contributing to local communities. Initially, the company had to overcome some considerable odds having started just before Madagascar's first political crisis. "That moment was very tough", - says Mr. Arno Steenkist, general director of Flexnit, "it was either do or die for us". Regardless of the hardship, they made it through by creating joint-ventures with local factories that had been abandoned by their Asian owners. They grew very fast from 2003 to 2009, going from 400 to 6000 employees. "It was the golden years for textiles and for us in Madagascar", - he assures.

Nowadays, Flexnit has 6 factories in the country, 7000 employees and a stable annual growth. Europe is their main market but they

also sell to South Africa, which though smaller, has the advantage of being counter-seasonal which makes it beneficial for their workers since it guarantees having work all year round, explains Mr. Steenkist.

Like any major enterprise, the company faces important challenges. He highlights the current changes of the international market, such as the rise of online shopping and the decline of brick and mortar business, which have placed significant pressure on them. "In terms of costs we can't beat the textile giants, like Bangladesh or China so we are putting a lot of efforts in making the best quality as we are also trying to invest in sustainability and social responsibility".

Another challenge is Madagascar's geographic isolation, which hinders the interaction with their European and Asian suppliers as well as the new demands of the market, such as the speed of online transactions. To counter those limitations and cope with the changes, Flexnit believes it is essential to invest in modern technology, in their case it translates into new knitting machines and top of the art dyeing equipment.

At the local level, there are difficulties connected to the country's governance limitations, which for Mr. Steenkist often leave companies to their

own devices, but they have managed to turn them to their advantage: "In a country like Madagascar where there is a weak state, private sector should take a leading role" - he says. And they have done this through innovative solutions that benefit the company, the community and the environment.

They recently launched the "briquettes" project, where instead of burning wood or buying expensive fuel to make steam for the boilers used in their production process, they started making their own fuel out of compressed sawdust, rice husks and other organic waste. In the future, if the system works well, they plan to expand it and sell biologically-made charcoal to Malagasy families. Not a small feat in a country where 90% of the population burn charcoal to cover their daily needs and where deforestation is one of the main environmental concerns.

The company is also involved in various Corporate Social Responsibility (CSR) initiatives such as building schools and libraries, giving health and educational assistance and helping local NGOs solve culturally-sensitive issues like the adoption of twin babies, traditionally considered a "bad omen".

However, Mr. Steenkist's "pet project" is something else. What started as the company's own "Clockwork Orange" football team, a few years later turned into one of the major clubs of the country, Fosa Juniors FC, with 200 players, youth teams, foreign coaches, a National Cup victory in 2017 and the 2019 Ligue de Madagascar championship. "We are a bit the Madrid or Barcelona of Madagascar", - he says, proudly, adding that when they play big matches you can see a full stadium with "12.000 people, all in orange".

Asked about his expansion plans, he insists they don't want to grow nor get more turnover. Just "buy the Made in Madagascar label; it is made with a smile. Buy less and buy better" - The Director concludes.

«Buy the Made in Madagascar label; it is made with a smile. Buy less and buy better»

Trade & Industry

11 SEAPORTS IN MADAGASCAR: including 5 container terminals. The 1st port of entry is Toamasina.



Preferential access to regional and international markets (COMESA, IOC, EPA / EPA, SADC, IORA, etc).



FREE ZONES Freehold companies to benefit from exemptions from customs duties and VAT on imports; and Income Taxes for the first 15 years.

Malagasy Customs keeps up with the new times

With an emphasis on modernization and accountability, Madagascar's customs authority is changing old habits.



Cargo port crane in Madagascar.

Malagasy Customs, the State's customs authority, plays a crucial role in sustaining Madagascar's economic balance given the country's 5500 km2 frontier and its rich natural diversity. With 1280 employees, 180.000 operations each year and a 6% annual growth, their mission is simultaneously fiscal, economic and of protection and surveillance: to collect and insure state revenues, facilitate export and import operations, and ensure borders and natural resources by fighting illicit trades.

As its General Director Mr. Zafivanona Ernest Lainkana explains, although such a complex role has not always been successful in the past, things have im-

proved a lot lately. "Unfortunately we were notorious for wood theft and had trouble securing our resources but we are now very eager to protect them and we know that if we lose them, future generations won't have anything, so we try to close the borders to all that illicit trade". Drug trafficking has also been reduced, mainly through the collaboration with sister customs from Reunion, Maurice and France, as well as bilateral partnerships with the US embassy. "Not later than a week ago we seized 46 kg of heroin in Tamatave", he recalls, "it was a difficult operation and the suspect managed to escape but we captured him soon after that. He was a highly wanted person in Africa, so these are positive signs we begin to see in our mission".

These changes started over a decade ago with their modernization process, developed in partnership with trusted private company GasyNet, which has radically improved their customs clearance by implementing a TradeNet e-single window "that allows all customs participants to be connected and have all the information at our parties disposal", he says, adding that this "public-private collaboration" has helped Malagasy Customs "to double their revenues within 10 years and continues to improve until today", proving itself as "a win-win partnership".

Other reforms have focused on improving its human resource management by developing a "culture of performance" in alignment with current government policies. As Mr. Lainkana explains, "we have always played the role of police and have always been on a position of power, so now we try to inculcate accountability". Therefore, in collaboration with the World Bank, in 2015 they introduced "performance contracts": performance-based pay for customs inspectors to motivate them to curb tax evasion and illicit financial flows, and reduce customs clearance times. This program is currently being improved by readjusting its indicators to reduce dependence on inspectors' decisions and by expanding it to other ports besides Tamatave as well as other services connected to their



ERNEST ZAFIVANONA LAINKANA
GENERAL DIRECTOR
MADAGASCAR

«We have always played the role of police and been on a position of power, so now we try to inculcate accountability»

commercial operations, such as risk analysis.

They also plan to adopt an objectives agreement to continuously evaluate all office managers' performances and to implement an open data platform available to all partners to further guarantee transparency and good governance. "All these reforms are done to improve our performance, so those interested in investing in Madagascar see us not as an obstacle but as a partner that will help them reach their goals" - Mr. Lainkana states enthusiastically.

actions, employment issues and processing of tax audits combined with assistance in tax litigations.

The group specializes also in immigration, portage and recruitment, via tripartite contracts. Last but not least, HK Group also ensures statutory representation of foreign firms that intend to implement a business entity in Madagascar: directorship and corporate secretarial. Seriousness, precision and extreme reasoning characterize the firm's work ethic.

HK Group is a member of AMCHAM (American Chamber of Commerce in Madagascar) and GEPP (Madagascar Export Processing companies and Partners Association). It is also a member of EVER-SHEDS SUTHERLAND Global Legal Advice, and WTS Global Tax Practice, representing Madagascar. HK Group remains open for new partners and clients who, like them, have a long-term vision and international experience.

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HK Group is a leading law firm recognized for offering a premium service in accordance with international standards.

Working mostly with foreign clients, HK Group has extensive experience in the international private sector. Their strength lies in their unique multidisciplinary approach, providing value added services in form of global integrated legal and tax advice. The main fields where HK Group intervenes are corporate structuring (comprising M&A), oil and mining investments, bank and insurance procedures, real estate trans-

JCR GROUP

Holistic and modern healthcare

The JCR Group promotes people's well-being by combining modern and alternative medicine based on Madagascar's traditional knowledge and its rich diversity of endemic plants.

It was founded in 2017 by Dr. Jean Claude Ratsimivony, who created the Homeopharma Group over 25 years ago and believes in a holistic medicine that "rebalances the system".

With 100 employees and an annual growth of 60%, they provide clinics and laboratories with advanced diagnostic equipment, centers for the production of organic essential oils certified by ECOCERT International, wellness resorts and a natural spa.

In terms of local development, their agricultural project gives financial autonomy to each family they employ with 2 hectares of land and it could potentially expand to 80.000 families.

They export to Europe, Japan and Russia and they are actively pursuing partners and investors throughout the Indian Ocean and Africa, as well as looking for international distributors. "Come to Madagascar", - says Dr. Ratsimivony, "now is the time to invest".



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Born from a Public-Private Partnership, GasyNet has been established to support Malagasy customs in its modernization process. The company's main mission consists in the implementation of the TradeNet e-single window with two purposes: Trade Facilitation and revenue enhancement.

The system efficiency is not limited to its application in the context of cross-border trade. TradeNet is also a powerful tool which can benefit other e-Gov projects in the framework of process digitization.

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Energy



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Tozzi Green
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Tapping into Madagascar's enormous energy potential

New government policies favor renewable energies and implement a structural reform of the sector.

With its 2015's New Energy Policy and 2017's Electricity Code, Madagascar has started an energy transition in order to multiply by 4.6 the national electrification rate and reach 70% of its population. Hydropower is at the heart of the national energy strategy with an estimated potential of 7.8 GW, of which only 2% is currently being exploited. So far more than 800 hydropower sites have been identified throughout the country, ranging from 10kW to 600MW. Solar energy is another main focus. With an average annual production of 1600 kWh/kWp, Madagascar has one of the highest solar potentials in the world. At the end of 2018, the country had increased to 33MW its PV generation capacity, 20MW of which came from a single park built by French company Green Yellow in Ambhipihaonana, and has already signed MoU's with Tryba Energy for three new PV projects of 5MW each as part of their 50MW portfolio in Madagascar. Wind power also offers great possibilities with a potential capacity of 2000MW and wind speeds from 3 to 20m/s in both northern and southern areas. The resulting production of all these new enterprises will be sold to state-owned utility Jirama and the World Bank is providing funds and technical assistance to its restructuring and the development of several renewable energy initiatives.

«Madagascar wants to multiply by 4.6 the national electrification rate and reach 70% of its population»

JIRAMA

An overall transformation to face crucial issues

Madagascar's national water and electricity utility company, is responsible for supplying drinking and industrial water as well as the production, transportation and distribution of electricity across the country.

After 1999's liberalization of the energy sector it is no longer the sole producer, but it still guarantees almost all public water and power utility with 6000 employees, 110.000 clients in 65 water distribution centers and 340.000 electricity subscribers in 120 localities, of which 4 receive water and 52 electricity exclusively. Currently, the company generates an annual revenue of 200 million USD, an amount that includes the coverage costs of these towns' electricity and water services.

Following its creation in 1975, and especially after the construction of the Andekaleka dam in the early 80s, the company witnessed a hydropower overproduction. This advantageous



Jirama is 100% owned by the government of Madagascar.

position contrasts with today's situation, when Malagasies face an average electrification rate of 15%, 39% in urban spaces and only 5% in rural areas. Such difficulties are partly explained by the fact that two thirds of the production come from thermal generation in a country that already imports fuel. Therefore, the electricity is expensive, these expenses generate losses and those losses force the State to intervene with subventions to compensate.

The water front faces some issues as well. The problems of the infrastructure and the insufficient financial resources are largely responsible for the lack of access to clean water in the country. According to UNICEF only 10% of the population uses basic sanitation facilities and more than 58% lack access to drinking water. Being a great challenge, government officials recognize it will cost a total of 200 million euros to bring together 3 basic el-

ements: quality, quantity and expansion towards new cities, especially in the mostly arid southern regions.

Despite these difficulties, important solutions are already on their way. In 2016, the World Bank granted Madagascar a 150 million euros credit to improve JIRAMA's operational performance and electricity supply, and president Andry Rajoelina's IEM (Madagascar Emergency Initiative) plans to double the electricity production by 2023. They also rely on the New Energy Policy (NEP), which encourages a hybrid renewable energy solution using hydropower, which is best adapted to the country due to its enormous potential, as well as solar energy given the elevated levels of solar irradiation, an average of 2,200 kWh/m²/year.

Other initiatives focus on optimizing the company's poor management through an overall organizational restructuring, including the implementation of a legal department and the appointment of top managers. They also started reinforcing the logistic and communication strategies by, among others, controlling energy theft and adjusting tariffs, resulting in improvements of 8% in production and 25% on billing. Additionally, there is a clear willingness for expansion through different private-public schemes such as joint-ventures, leasing or long term financing, where IPPs (Independent Power Producers) will control production and distribution while the state takes care of transportation.

At the end, either by improving existent projects or attracting new ones, these measures seek a transition to a low carbon path that will help reach the country's significant potential of 7800 MW as well as strengthen the operation and financial foundations of the sector.

«The World Bank granted Madagascar a 150 million euros credit to improve JIRAMA's operational performance»

Energy



Cost of Electricity (0.07 US\$/ kWh with fixed premium 15.66 US\$/kWh in 2018) and water (0.37 US\$/m³ in 2018).



80% of Madagascar's energy consumption is based on biomass (firewood 68%, charcoal 10%, other 2%).



The energy consumption per person in Madagascar is around 0,2 tons oil equivalent, one of the lowest in the world.

Leading the way in providing machinery and developing the industrial sector

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Since its foundation as a family company in 1921 Henri Fraise Fils & Cie is dedicated to the importation, maintenance and distribution of equipment, becoming a key player in the development of Madagascar and in all types of enterprises in the Indian Ocean. For the last 60 years it has been the exclusive representative of several international brands such as Caterpillar, Hyster, John Deere Agri and Goodyear in Madagascar as well as in the neighboring Seychelles, Comoros and Mayotte. It has also expanded to different sectors from agriculture and construction to public works, mining, energy and aviation, "evolving according to the country's needs", as its General Manager Charles van der Straeten states.

Currently the group has over 2000 employees and an annual growth of 10%, with 40% of their work being done in the mining and construction sectors, where they provide not only the equipment but the advice and expertise required by each client's specific applications: from the on-site feasibility studies to the personalized follow-up of the equipment throughout the duration of the project. Their 300 high level technicians offer a complete after-sale service that includes both a preventive maintenance program to regularly analyze the machine's oils and cooling liquids and a 24/7 emergency service. Additionally, they offer rent solutions, with more than 170 mining machines of all kinds, new or second-hand. "Above all, we are service providers and the country needs people like us who cater to the biggest groups".

«There is a need for investments with a real impact. Most resources are there for the next 50 years»



CHARLES VAN DER STRAETEN
GENERAL MANAGER
HENRI FRAISE & CIE

«Above all, we are service providers and the country needs people like us who cater to the biggest groups»

JIRAMA

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Agribusiness



Madagascar has 30 million hectares of agricultural land, but only about 10% is used. Physical conditions (soil, weather) make it possible to cultivate several types of temperate and tropical products. The majority of growing areas are only 200km from a major port.



Photo by Graphic Node on Unsplash

Manna from the earth

Known for their unique and exceptional quality, Malagasy agricultural products are highly valued globally.

Agribusiness is Madagascar's largest industry, contributing to almost one-fourth of the total GDP and employing approximately 80% of the country's population, of which more than two-thirds live in rural areas. Almost half of the 60 million ha of the island are being used for agriculture and 18 million ha still remain available. Thanks to the diversity of soil and climate conditions as well as the rich water resources for energy irrigation and production (2,000 km of rivers), the country benefits from a wide range

of tropical and temperate products like rice, producing 3.6 million tons and being the third producer in Africa; 1 million ton of cereals and starchy foods as maize, potato, cassava and leguminous plants; fruits and vegetables with one of the largest varieties in the world; vanilla, being the first world producer and covering 50% of the global market demand, as well as spices, coffee, tea and cacao among many others. Given the country's wealth in natural resources, its strategic geopolitical position and a large population with extensive experience in the sector, it is bound to become a main agricultural hub for the Indian Ocean and beyond. ■



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Creating high quality, organic and ethical vanilla products

By combining traditional methods and modern technologies, Floribis guarantees its excellence.

Madagascar is the first world producer of vanilla and Floribis is one of the leading companies in the sector, specializing in the production, preparation and export of organic and eco-certified Bourbon vanilla pods and natural by-products like essential oils, cosmetics, spices and vanilla-scented rums that satisfy the most demanding customers for their high quality and ethical production values.

Founded in the year 2000, Floribis is now considered the first "Artisan Parfumeur" of the country. However, as Co- General Director Mr. Jean-Christophe Peyre explains that its beginnings were "extremely difficult", partly because of the fluctuating vanilla prices that resulted from the speculative effects of 90s liberalization and meant going from 60 to 500 USD/Kg in the first years, and partly due to other difficulties like the "gap situation" created by the traditional method of low-scale plantations when demand surpassed production, major weather events like cyclones and the logistic complications implied in establishing its base in the little city small town of Vohemar: "It was like setting a project in an isolated island" - he recalls.

There were also challenges related to the quality of the vanilla and the traceability of its production process. "Madagascar has not been able to perpetuate its ancestral know-how", - says Mr. Peyre, explaining that vanilla is often collected before it becomes mature and the traditional process of transforming green into black vanilla is not always respected, affecting its quality and consequently its reputation.

Despite these difficulties, a few years later they managed to ensure stability of both quality and prices and today they have the biggest plantation in Madagascar and one of the biggest in the world, with 600-800 cultivated hectares of which 30 are dedicated exclusively to eco-certified vanilla, over 1000 employees, an annual growth of 10% and revenues of 80 million USD.

Regarding product distribution, the company has currently two different separated structures for small and large quantities, as 95% of its production is exported abroad, mostly Europe, and the rest is dedicated to supply the local Malagasy market, where it has established a strong presence with its own recently opened boutique and selected souvenir stores, hotels and airport duty-free shops offering first class products at local competitive prices.

How they managed to overcome such major obstacles is explained by the company's sustained investing in diversification and responsi-

ble innovation that translates into products that are "safe for the body, safe for the environment and effective". According to Mr Peyre, although "fluctuations in price and weather made diversification a necessity", this transformation was motivated, first of all, by the need to bring more added value to the country: "not having all our exports as raw material" and "starting to transform these raw materials locally". Therefore, they created a 3500 m² factory and a 1500 m² distillery equipped with the most advanced processing and refining technologies to produce a wide line of organic products that range from essential and vegetable oils to plant extracts, body lotions, perfumes, soaps and even food spices and specially-aged vanilla-scented rums. They have also established a multi-chapel greenhouse of 1200 m² and a state-of-the-art environmental control system to further study, understand and work with their precious vanilla pods and to propose future market applications.

This diversification is not only seen in their products, though. Keeping in line with Madagascar's rich biodiversity and the need to better understand the environment that surrounded them is considered essential for Floribis.

The Director explains that they also varied the type of plants being grown, starting with those destined to the production of essential oils and extracts such as ylang-ylang and vetiver, with 100 and 150 cultivated hectares respectively, as well as perfume plants like jasmine,

tuberose and citrus like neroli or petit grain.

Apart from diversification, having a socially and environmentally responsible production process is key to Floribis. "We try to have the lowest possible impact over the environment", - assures Mr. Peyre, adding that "The idea is not only to have a society that exports Malagasy products and it all ends there, but to develop a supply chain that is completely transparent". This transparency is guaranteed by their ECOCERT, FLOCERT, For Life and 4-Pillars certifications and by the active participation of local communities in their production process.

Not only is Floribis the first employer of Vohemar little city village but they also assign 200 out of their 800 hectares to the sole production of fast-growing wood for fuel purposes and 100 hectares of trees aimed at limiting their carbon imprint, all managed by local peasant associations that allow agricultural laborers "to become guardians of the forests they have planted".

Furthermore, they have contributed to the development of other environmental initiatives like protecting wild mangrove areas and promoting apiculture, which allows local farmers to have complementary revenues from the sales of honey and its by-products and at the same time leads to plant pollination.

Floribis also helps advance education by building schools, demanding school enrollment for all their employees' children and providing them French-donated school supplies throughout the academic year, as well as offering specialized training to unskilled employees. "We can't take the place of the State", - says Mr.

Peyre while continuing : " Within our limitations we try to leave a positive impact. But the most important aspect is to invest in future generations, bringing awareness regarding the environment, the hygiene and the need to be educated. This is the main contribution Floribis has made".

As for their expansion plans, Floribis' General Co-Director has very clear ideas. "We are particularly interested in the US market", - he says, making emphasis on the fact that not only it is the world's main consumer of vanilla and the biggest skin care and well-being market, but more and more its consumers are demanding organic, ethically made products: "Today we see an evolution in American consumers that want a vanilla extract made out of vanilla, not out of caramel or another 'exotic' component", he affirms, adding that these new consumers want to have real products and to know where their ingredients come from. This transformation in consumer attitude has in turn modified former US importer practices, who in the past "normally came here to buy the lowest quality vanilla" and now are looking for a first quality product. "There is this willingness", - she says, jubilant, "and I am very satisfied, because I have battled against this situation all too often."

Besides the US, Floribis is also looking to expand to the Asian market, but in both cases they are convinced they want to do it in their own terms. With experienced partners that are already installed in their trade and that share their ethical, responsible way of doing business: "We have no desire whatsoever to contribute to the market of raw materials", - insists Mr. Peyre. In the long term, they aspire to further develop their own brand, invest more on online-shopping and expand their social media presence in order to position themselves in the global market as producers of a complete line of organic cosmetic products based on plant extracts from Madagascar as well as a sport-oriented line. They are also interested in entering the industrial market by creating organic aromatherapy products to be used in cooling systems of airplanes, buses and factories, among others.

For the time being, Floribis will continue to do what they do best, creating high quality organic and ethical products that benefit consumers, producers and the environment. They will continue to invest in innovation and research to master vanilla production and its market uses, and to further expand the discovery and application of the country's enormous potential of raw materials in the fields of cosmetology, perfumery and aromatherapy: "All the opportunities are possible in Madagascar", - says Mr. Peyre. "It is a great country that awaits for people who have the desire to build an ethical development". ■

«The idea is not only to export Malagasy products and it all ends there, but to develop a supply chain that is completely transparent»

Agribusiness

Global pioneers in the socially sustainable, first-rate vanilla market

Symrise is a major producer of flavors and fragrances with over 30.000 products, 6000 clients and a strong worldwide presence in more than 100 countries.

The company was born in Germany in 1874 and since its beginnings (when its founders were pioneers in synthesizing vanilla) it has been one of the most important global suppliers of vanilla flavors.

In Madagascar, Symrise has 5 sites in the SAVA region where its 186 permanent and 150 average seasonal employees extract vanilla for essential and vegetable oils using traditional and modern techniques, and is present in 84 villages where they work with more than 7000 farmers. Furthermore, they became the first company to invest in their own operations in Madagascar when they opened their original factory in Vohemar in 2006. "We have been pioneers" - assures Communications Director Mimie Ravarason. "We were the first to invest in an extraction factory and the first to work directly with small scale farmers, without going through intermediaries". In 2012 they started to implement their sustainable strategy with 2000 farmers certified by Rainforest Alliance, a year later they were certified as a "Green company" by DQS, in 2014 they built a new 3500 m² extraction factory and quality lab in Benavony, and since 2017 they started a partnership with GIZ, Save the Children, and Unilever that has allowed them to develop the first integrated and sustainable vanilla supply chain in the country.

"We have a holistic approach", a sustainable sourcing model that guarantees a consistent traceable supply, better cultivation practices and financial security for the farmers - explains Ms. Ravarason. They work closely with farmers the whole year round. From the hand pollination to the harvest and during

the time when farmers are occupied maintaining their land. The whole process is supervised by internal controllers who track the supply chain, audit the compliance with certification standards and consult farmers to propose improvement plans and training.

However, sustainability doesn't end with the supply chain. Part of Symrise's trademark is its shared value policy, which implies that to guarantee a premium quality product they have to improve their partner farmer's livelihoods and make sure they become more resilient to income shocks. Focusing on farming practices alone cannot break the cycle of

poverty in the farming communities. As part of their program, Symrise and its partners assure basic food security, access to healthcare and education for the farmers and their families, these measures reduce the farmer's dependence on vanilla crops and the possibility they'll be forced to sell it prematurely to cover food or health expenses. Therefore, as Ms. Ravarason states, they have implemented crop diversification programs "to allow farmers to have additional income outside of the vanilla season and avoid hunger" as well as provided them with rice supplies on credit from January to May so they can have their staple food during



Bourbon vanilla pods.



Handmade pollination and harvest.



No intermediaries
They work directly with small-scale, specially trained farmers

«We have a holistic approach, a sustainable sourcing model that guarantees a consistent traceable supply, better cultivation practices and financial security for the farmers»

that period, when they don't have money or rice". These supplies, she insists, "are not a donation", as the rice quotas are determined by the internal controllers according to each farmer's capacity to reimburse them.

Regarding healthcare, since 2013 Symrise partnered with Positive Planet International to create the first health insurance scheme for farmers in the SAVA region, which covers all hospitalization costs and subsidizes doctor consultations and medicines. As for education, apart from investing in primary schools through parents' associations, they created Farmer Business Schools' programs directed to farmers and young people in MFR colleges "who have left school but are not yet vanilla farmers due to lack of land or money to buy it".

So far, Symrise's sustainable model has proven to be highly successful as it simultaneously provides a first-rate product, helps farmers break the poverty cycle and assures the company's transparency: "Our strength is the traceability, everything that is made in the field is verifiable, that's the guarantee we give our clients" - the director proudly affirms. ■

always
inspiring more ...

symrise

A sustainable source

We're working with over 7,000 farmers across the SAVA region of Madagascar, sustainably sourcing our vanilla and ensuring that it's traceable and of premium quality – year after year.

www.symrise.com



boutique_HE © Floribis.

Tourism



9 INTERNATIONAL AIRLINES serve Madagascar with regular, direct flights to 10 countries across 3 continents (Air Madagascar, Air Austral, Turkish Airlines, South Africa Airways, Air France, etc.)



+ Highest rate of endemic species in the world.

Le Louvre Hotel & Spa was constructed by the Gustave Eiffel engineers during 1930 and remains a first choice hotel in Antananarivo.



Lemur, native of Madagascar
Photos by Pierre Muglia



Antananarivo's skyline



JOËL RANDRIAMANDRANTO
MINISTER OF TRANSPORT, TOURISM
AND METEOROLOGY

A tourist boom in the making

Tourism is a key sector for Malagasy economy with revenues equivalent to 7% of the GDP, but the new measures taken by the current government hope to completely revolutionize it and open it to global markets.

In order to change this, Minister Randriamandranto explains they started a series of important reforms aiming to open the market to foreign visitors and investors. The first strategy is to diversify the touristic offer, starting with the different types of accommodation that will attract different types of visitors. On the one hand, there's luxury tourism. "We have islands, paradisiac and exceptional locations where we can have luxury hotels", says Mr. Randriamandranto, for whom "the idea is to attract big hotel groups specialized on luxury accommodation who want to come to Madagascar". On the other hand, they want to promote all-inclusive hotel clubs along the country's 5000 km of coasts that would be ideally managed by companies from different countries so they attract tourists from those nationalities; as well as promote ecotourism, which are better adapted to the country's striking natural settings. Another plan to advance the sector's diversification is to focus on sports tourism, with sports like kitesurfing and windsurfing that can be practiced in different

locations north and the south of the country which are perfectly suited for them. "We invite all investors, trainers and providers of these services to come to Madagascar", says Minister Randriamandranto.

A second strategy is to develop the so-called "blue economy", so "the sea becomes a route to discover Madagascar, a means of transportation for people and merchandises", -explains Mr. Randriamandranto. To do so, they plan to create ferry ports, rehabilitate maritime ports and create new ones by attracting foreign partners who are willing to invest. The third main strategy is related to air transportation and their "Open Sky" policy: They have started implementing partnerships with major airlines like Kenya Airlines and Air Austral to work that will allow them to increase international flights through connections with major hubs such as Nairobi and New York, and they hope to connect to other hubs like Addis Ababa, Istanbul or Dubai. They also plan to renovate and modernize the country's 6 working airports and attract new airlines by helping them install in



Green chameleon perching on brown stick
Photo by Pierre Barrin

«The idea is to attract big hotel groups specialized in luxury accommodation who want to come to Madagascar»

Madagascar through advantageous deals. Finally, Mr. Randriamandranto explains the government's IEM (Initiative Emergence Madagascar), in charge of attracting foreign investors, has been implementing a new legal framework that will secure future investments by establishing the types of partnerships to develop and the tax benefits that will be given accordingly. "Today there is a policy of total openness. There is a real will to develop the country and a capable team to implement this development", concludes Mr. Randriamandranto. ■

Moving forward with the country

Several financial, technical and administrative improvements have started to show positive results.



ROLLAND BESOA
RAZAFIMAHARO
CEO AIR
MADAGASCAR

Air Madagascar is the country's national airline, connecting Madagascar domestically and globally with 10 national destinations throughout the island and 8 international routes to France (Paris & Marseille), China, South Africa, and the islands of Reunion, Mauritius, Comoros and Mayotte. The airline was founded in 1961 and it "has always been instrumental for the country's development" - Mr ROLLAND BESOA RAZAFIMAHARO, its CEO, has said.

Along with the country itself, Air Madagascar has experienced several challenges in the past. From its golden days in the mid 70s and early 90s, through the different political crisis of the 2000s, to its current revamp. Since late 2017, the company has grasped the positive synergy brought up by the partnership agreement signed between the Malagasy government and Air Austral, an agreement sustained by the World Bank.

Through this agreement, Air Madagascar aims to develop itself within a recovery time frame of 3 years plus 7 years of development. In 2018, the national carrier has committed itself to a deep transformation plan called "Alefa 2027", whose goal was to quickly return to air transport basics through best practices, then build a strong network, good products and services with 3 main pillars: regularity, punctuality, and high quality offer.

In the last twelve months, revenue has increased by 37%, the cumulative passengers have almost reached 500.000 in total, and the number of their operating aircrafts has increased from 5 to 10.



Airbus A340-313.

what distinguishes them as an airline and as a people: their excellent service and their renowned hospitality. ■



Off-the-grid luxurious experience

Isalo Rock Lodge is a stunning lodge located in the Sandstone Mountains, a secret paradise with breathtaking views over Isalo National Park in southwestern Madagascar.

Combining luxury accommodation and a perfect integration to its natural surroundings, it offers a unique experience to guests looking to enjoy one of the best locations of the country without the hassle of mass tourism.

It was born as a family enterprise and according to its owner Mr. Giorgio Giachetti, after deciding to build it close to Madagascar's most visited national park, finding the location was serendipitous: "We found it by chance. You can't see it from the road... and when we arrived there... it was something else, all these mountains in front of us, so I said 'either we build it here or nothing.'" After this lucky start things became challenging, as the hotel's construction was "difficult, costly and time-consuming." They almost abandoned the project and spent years without a positive turnover, but their persistence finally gave positive results.

Nowadays, Isalo Rock Lodge is renowned for its sophisticated minimal, yet warm designed interiors and its high end service: 60 rooms with private terraces overlooking the mountains (24 superior rooms), outstanding cuisine mixing Malagasy and Italian flavours, and all the modern amenities like pool, spa and a conference room.



Giorgio's window.

Much attention has been given not to disturb the beautiful nature around and the sustainability of the lodge with green practices (water harvesting, solar installations and recycling of biomasses etc.) They offer activities like sunset aperitifs at "Giorgio's window", a 360° viewpoint, or a free 2-hour tracking circuit to a natural pool. The lodge is the only hotel in the countryside with 24h electricity for air conditioning and naturally purified water and ice. "You saw the comments in Tripadvisor", - he said, proudly.

Mr. Giachetti also contributed to the area's social development, having donated 3 schools and having brought in water to a whole village.

In the future they hope to offer a luxury camping site, an adventure camp in the valley and an observatory for stargazing. However, the main challenge is to attract tourism in the low season, when their occupancy rate falls from the summer's average 60% to just 21%.

To do so, Mr. Giachetti believes it is necessary that the government invests in roads and infrastructure, opens the internal sky for companies other than Air Madagascar and improves their tourism communications strategies. "If there's a real intention of the government... then we will invest", - he says, adding that they are looking for investors and partnerships "with the aim of doing something for the country, not just attract money." As he sums it up: "We are reliable partners, we love Madagascar and we have a vision for it." ■

«Isalo Rock Lodge is renowned for its sophisticated minimal, yet warm designed interiors and its high end service»



Natural pool with magnificent views.

Tourism



The most World Heritage sites in the Indian Ocean region.



Tourist numbers are growing at around 20% per year.

“The place to be” in Madagascar’s capital

Grand Hotel Urban is a luxury hotel known for its first class Mediterranean cuisine, elegant colonial style and warm ambiance.

The hotel is part of the Andilana Group, which owns 29 restaurants and 6 hotels in Spain, France and Madagascar, where it also owns the boutique hotel Maison des Cottonniers. Since its foundation in November 2016, Grand Hotel Urban has become one of the new staples of Madagascar's capital due to its strategic location in the commercial and financial heart of Antananarivo, and what its



Terrasse Grand Urban Hotel.

owners call it "Mediterranean touch", evident in its fresh design but above all in its cuisine, having integrated the group's extensive restaurant expertise. Furthermore, their restaurant is not only destined to hotel clients, it is "the place to be" in the city, where locals, expats and tourists alike gather around great food and a relaxed, friendly atmosphere. Though this doesn't come as a surprise, given the fact that Andilana Group's owners are known for stating that "more than hoteliers they are restaurateurs".

Apart from their famous restaurant, rooftop bar and luxurious 45 rooms, they also offer thematic afternoons each Friday, zumba classes every Saturday morning. They are currently planning to open a spa in a very near future. So far, this passion for food and high quality service has rendered great results, managing to finish 2018 with an occupancy rate of 68% - from which around 80% are business clients -, and being the best-selling 4-star hotel in Madagascar according to Booking.com, where they have 8.9/10

ratings. An ambitious rate considering it's only their second year around.

Their success is also reflected in the fidelity shared by their team and accomplished thanks to their outstanding training program. They offer gastronomy, tableware and English courses, their best employees are taken to Spain to continue their formation with experts on each field and some of them even take on classes in the country's National School of Tourism. "Just as we grow we want our team to grow with us" is an essential part of their policy. At the end, such an investment translates into another type of fidelity, that of their clients, as they are specially proud of seeing their guests come back often and being able to offer them the personalized treatment that is a trademark of Andilana Group's philosophy.

In the future, they will continue to search for new markets and clients and they hope to keep opening the city to all its touristic potential, as the majority of the capital's visitors either come

Chambre Grand Urban Hotel.



«Just as we grow we want our team to grow with us, is an essential part of their policy.»

on business or are on transit to other parts of the country. And while the government continues its efforts to attract tourism and the sector keeps improving each passing year, Grand Hotel Urban has already shown how it is done. ■



Restaurant Grand Urban Hotel.

Modern design and exclusive comfort in Madagascar’s capital

Located in the business heart of Antananarivo, Tamboho Suites is the perfect hotel for those who want a modern and urban ambiance with all the comforts of a luxury hotel.



Tamboho Suite's Rooftop.

Created in October 2018 and part of Taly's Group, which also manages Tamboho Hotel on the capital's waterfront, it has very quickly become one of the preferred options for business clients and families looking for a stylish long-term accommodation.

"Everything has been thought of", says Ms. Ghigli Lydie, General Manager of Tamboho Suites, a design with a modern touch of Madagascar as well as its exclusive cuisine, a mix of French, Italian and Malagasy flavors. It has 56 spacious and comfortable studios and suites, all equipped with their own kitchen, desk and bathroom, and the suites also offer a separate living room perfectly suited to hold meetings. "The objective was to have a new concept, an apart-hotel with all the services of a hotel", she explains, adding that compared to other hotels in the city they have their own identity, "a modern and European hotel that doesn't exist elsewhere in Tana".

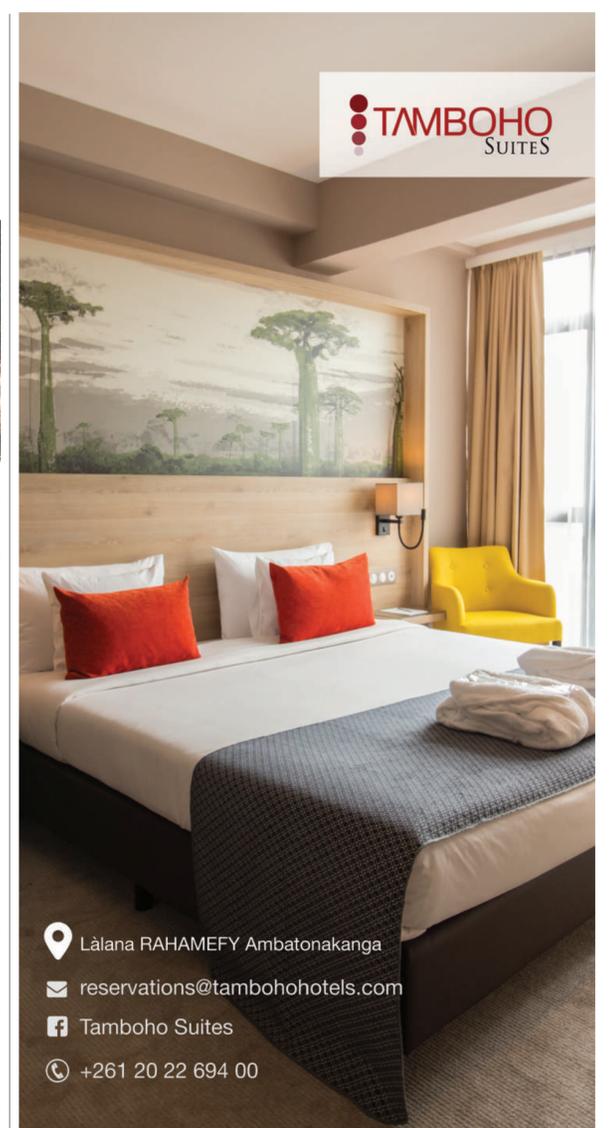
Additionally, they have a 20-person capacity meeting room, a fitness center and 2 restaurants, one of them in their rooftop terrace, where they also hold Sunday brunches and night events, cocktails included. With its great views of the city, "the rooftop is really an added value", assures Ms. Lydie. Along with the luxuries they also implement ecological measures, like

using only LED lamps and recycling paper and other materials.

Regarding their occupancy rates, they have evolved since its opening and is encouraging and in line with their expectations. "The more we advance the more our occupancy rate increases", she says - an outcome that is the result of both their excellent service and their communication strategy. As an example, the director explains how working with travel agencies and online booking services has raised their tourism clientele specially during their low season, which contrary to other hotels is in July and August, when their business clients usually go to Europe.

As for expansion plans, they will open a new hotel next year, and all three will be part of the Radisson chain. "The idea is to belong to an international group that will allow us to have a real impact in the tourism of Madagascar to attract a foreign clientele, and to guarantee the hotel's excellence", though as she proudly states, "we already have European standards on both hotels, that's exactly why Radisson has chosen us".

In the future, they hope to keep improving, continuously training their personnel and offering an excellent service. "The client's satisfaction is really our priority" - insists Ms. Lydie. ■



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